

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-12 NEA-10 ISO-00 AID-05
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SS-15 MMO-04 CEA-01 /161 W
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P R 270706Z APR 78

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 0804

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

DEPT OF TREASURY WASHDC

USDOC WASHDC

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DEPT PASS EXIM AND OPIC

DEPT FOR NEA/ARP, EB/TCA

ATHENS FOR RTDO

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E.O. 11652: N/A

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SUBJ: RECOMMENDATIONS ON A NATIONAL EXPORT POLICY

REF: (A) STATE 095673, (B)KHARTOUM 1748 (NOTAL), (C) DAMASCUS 1718,
(D) KUWAIT 0498 (NOTAL), (E) 77 KUWAIT 6095 (NOTAL),
(F) 77 KUWAIT 3631 (NOTAL), (G) 77 KUWAIT 2512 (NOTAL),

(H) 77 KUWAIT 5265 (NOTAL), (I) KUWAIT 382 (NOTAL), (J) STATE
049574

1. SUMMARY. WE WELCOME ADMINISTRATION FOCUS ON A NATIONAL EXPORT POLICY, WHICH HAS BEEN LONG OVERDUE. POLICY REVIEW SHOULD FOCUS ON 1) MODIFYING THOSE USG REGULATIONS WHICH DISCOURAGE EXPORTS AND 2) TAKING A MORE POSITIVE APPROACH TOWARDS POLICIES WHICH ENCOURAGE EXPORTS. IF WE ARE REALLY INTERESTED IN PROMOTING EXPORTS TO THE BURGEONING MIDDLE EAST MARKET WE SHOULD 1) IMMEDIATELY POSTPONE EFFECTIVE DATE OF SEC. 911 OF 1976 TAX REFORM ACT AT LEAST TO JAN. 1, 1979; 2) INTRODUCE LESS RESTRICTIVE REVISION OF SEC. 911 THAN THAT PROPOSED BY ADMINISTRATION; 3) RECONCILE THE CONTRADICTIONS BETWEEN EAA AND TAX REFORM ACT BOYCOTT PROVISIONS SO AS TO REDUCE RISK FOR EXPORTERS; 4) PUBLICIZE MAJOR PROJECT OPPORTUNITIES EVEN WHEN TENDER DOCUMENTS HAVE BOYCOTT LANGUAGE, SINCE US FIRMS CANNOT AND WILL NOT ACCEPT SUCH LANGUAGE AND HOST GOVERNMENTS ARE OFTEN WILLING TO DROP BOYCOTT LANGUAGE IF AMERICAN FIRMS WIN THE BID; 5) REVIEW PROHIBITION AGAINST ANSWERING BOYCOTT QUESTIONNAIRES, SINCE THIS EXPOSES US FIRMS RESPONSIBLE FOR TENS OF MILLIONS OF DOLLARS OF EXPORTS TO BEING BOYCOTTED; 6) URGE US FIRMS TO PURSUE MAJOR PROJECTS AGGRESSIVELY; 7) ELIMINATE A MAJOR DIS-INCENTIVE TO BIDDING BY PROVIDING SURETY BOND INSURANCE; 8) CONSIDER A FORWARD EXCHANGE RISK INSURANCE PROGRAM IF THIS IS NECESSARY TO MEET FOREIGN COMPETITION; 9) DO MORE FOR DESIGN/CONSULTING FIRMS, WHOSE PREPARATION OF SPECIFICATIONS CAN GENERATE

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MILLIONS IN US EXPORTS; 10) REVISE USDOC'S TRADE OPPORTUNITY PROGRAM (TOP) TO FOCUS ON THE FOREIGN CUSTOMER'S INTERESTS, NOT THOSE OF US SUPPLIERS'S; 11) BE MORE ACTIVE IN GETTING US SUPPLIERS TO FOLLOW UP ON FOOD TRADE OPPORTUNITIES; 12) STRENGTHEN, RATHER THAN ELIMINATE UDOC'S COMMERCE ACTION GROUP FOR THE NEAR EAST; 13) ADD TO OUR ECON/COMMERCIAL POSITIONS IN THE ARAB WORLD. END SUMMARY.

2. WE WELCOME PRESIDENT'S SPEECH AND CREATION OF TASK FORCE ON NATIONAL EXPORT POLICY. IN FACT, WE MUST SAY, "IT'S ABOUT TIME." THE US PROVIDES MORE COMMERCIAL (NON-AID FINANCED) EXPORTS TO KUWAIT (\$550 MILLION IN CY 1977) THAN TO ANY OTHER ARAB COUNTRY EXCEPT SAUDI ARABIA. KUWAIT'S IMPORTS (LIKELY TO EXCEED \$4 BILLION IN CY 1977) ARE RAPIDLY EXPANDING, BUT JAPAN HAS OVERTAKEN US AS KUWAIT'S TOP SUPPLIER AND WE HAVE LITTLE REASON TO HOPE UNDER PRESENT CIRCUMSTANCES THAT THIS TREND WILL BE REVERSED. WHY? TO A SIGNIFICANT DEGREE BECAUSE RECENT US LAWS AND REGULATIONS AND ADMINISTRATION POLICIES DISCOURAGE US EXPORTS, RATHER THAN ENCOURAGING THEM. IT IS HIGH TIME WASHINGTON GOT INTO THE EXPORT PROMOTION, RATHER THAN DEMOTION, BUSINESS. A FEW SUGGESTIONS, STARTING OFF ON TRADE-HINDERING LAW AND POLICY WHICH WASHINGTON SHOULD REVIEW, ARE SUBMITTED BELOW FOR

CONSIDERATION.

3. COUNTERPRODUCTIVE TAXATION. WE ARE TAXING OURSELVES OUT OF THE MARKET. IT IS NOW EXACTLY 6 MONTHS SINCE TREASURY SECRETARY BLUMENTHAL TOLD A GROUP OF TOP-LEVEL US EXECUTIVES GATHERED IN KUWAIT THAT THEY WERE "BREACHING TO THE CONVERTED" REGARDING THE NEGATIVE EFFECTS OF THE TAX REFORM ACT OF 1976 ON OUR BALANCE OF PAYMENTS AND THE NEED FOR ITS REVISION. WE WERE TOLD AT THAT TIME THAT A BILL TO AT LEAST DELAY THE TAX REFORM ACT'S APPLICABILITY THROUGH 1977 MIGHT BE PASSED BEFORE CHRISTMAS. NO BILL HAS BEEN PASSED. THROUGH 1976 THE NUMBER OF AMERICANS COMING TO KUWAIT - AND OTHER BOOMING ARAB MARKETS - WAS RISING, IN SOME CASES EXPONENTIALLY, AND US EXPORTS WERE RISING WITH THEM.

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 0805

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

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NOW, BECAUSE OF THE TAX REFORM ACT - AND ONLY BECAUSE OF THE
TAX REFORM ACT - AMERICANS ARE LEAVING AND BEING REPLACED BY
BRITISH, FRENCH, GERMANS AND OTHERS WHO WILL RECOMMEND ARAB
PURCHASE OF GOODS AND EQUIPMENT FROM THEIR COUNTRIES, NOT FROM
THE US. WE ARE TIRED OF HEARING THAT THE ADMINISTRATION
IS "GOING" TO DO SOMETHING ABOUT THIS DISASTROUS ACT. THE
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ADMINISTRATION SHOULD DO SOMETHING NOW. FIRST, BY GIVING THE
HIGHEST PRIORITY TO IMMEDIATE PASSAGE OF LEGISLATION POSTPONING
SECTION 911'S EFFECT THROUGH CY 1978. SECOND, BY THE ADMINISTRA-
TION'S PRESENTATION OF MORE LIBERAL PROPOSALS TO AMEND SECTION
911. (WE UNDERSTAND THAT ADMINISTRATION-APPROVED PROPOSALS
(REF J) ARE CONSIDERABLY MORE LIMITED THAN WHAT WAS PROPOSED
BY THE TREASURY DEPARTMENT.) WE RECOMMEND THAT A MORE THOROUGH
REVIEW OF THE GAO STUDY ON SEC. 911 AND THE EFFECT ON US EXPORTS
BE MADE AND THAT THE ADMINISTRATION TAKE A SECOND LOOK AT
TREASURY'S RECOMMENDATIONS IN LIGHT OF OUR RAPIDLY DETERIORATING
BALANCE OF TRADE. REVISION OF 911 IS NOT GIVING IN TO SPECIAL
INTERESTS. IT IS VITALLY NECESSARY IF WE ARE TO MINTAIN A
COMPETITIVE POSITION IN THE RAPIDLY EXPANDING MIDDLE EAST
MARKET. WHY ARE WE SO DIFFIDENT ABOUT HELPING AMERICAN BUSINESS-
MEN WHEN FOREIGN GOVERNMENTS DO EVERYTHING THEY CAN TO SUPPORT
THEIR COUNTRY'S EXPORTS?

4. ANTIBOYCOTT LEGISLATION AND EXPORT PROMOTION. CONFLICTING
GOALS. AS WITH MANY QUESTIONS OF PUBLIC POLICY, OUR ANTI-
BOYCOTT LAW AND REGULATIONS CONFLICT WITH OUR INTEREST IN
INCREASING EXPORTS. WE, OF COURSE, RECOGNIZE THE NEED FOR
ANTIBOYCOTT LEGISLATION, BUT, GIVEN OUR CRITICAL BALANCE OF
TRADE PROBLEM, WE BELIEVE IT IS TIME TO TAKE A HARDER LOOK AT
THE COST/EFFECTIVENESS OF SOME OF OUR ANTIBOYCOTT REQUIREMENTS,
ESPECIALLY WHERE THESE REQUIREMENTS ARE ESSENTIALLY COSMETIC
IN NATURE, DOING LITTLE TO COMBAT THE BOYCOTT, BUT MUCH TO
REDUCE US EXPORTS. WE REALIZE THAT THE DRAFTING OF THE EAA
REGULATIONS ISSUED JANUARY 30 WAS A COMPLEX POLITICAL PROCESS,
BUT WE WERE DISCOURAGED TO FIND THEM IN MANY RESPECTS TOUGHER
THAN THE SEPTEMBER PRELIMINARY DRAFT REGULATIONS. FURTHERMORE,
THE TAX REFORM ACT OF 1976 DIFFERS FROM EAA REGULATIONS WITH
REGARD TO FOREIGN BOYCOTTS IN SCOPE, STANDARDS, AND APPLICATION.

SUCH PROCEDURAL UNCERTAINTY AND COMPLEXITY CONFUSES EXPORTING
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FIRMS, ESPECIALLY SMALL ONES, AND INCREASES THEIR PERCEPTION
OF RISK, A KEY ELEMENT IN THEIR PRESENT DISINCLINATION TO EXPORT.
WE NEED TO RECONCILE EAA AND TAX REFORM ACT ANTIBOYCOTT PROVISIONS
NOW IN ORDER TO REDUCE DISINCENTIVES FOR EXPORTERS. WE ALSO
NEED TO FOCUS ON A FEW MAJOR PROBLEMS CAUSED BY ANTIBOYCOTT LAW,
REGULATIONS AND POLICIES, OUTLINED BELOW.

A. WE CAN UNDERSTAND THAT, PRIOR TO THE PASSAGE OF FEDERAL
ANTIBOYCOTT LEGISLATION, IT MADE SENSE FOR THE USG NOT TO
DISSEMINATE REPORTS OF MAJOR PROJECTS WHERE TENDER DOCUMENTS
CONTAINED BOYCOTT LANGUAGE. NOW, WITH THE PASSAGE OF THE EAA,
US FIRMS CANNOT ACCEPT SUCH BOYCOTT LANGUAGE. HENCE DISSEMINATION
OF INFORMATION ON SUCH TENDERS DOES NOTHING TO FURTHER THE
BOYCOTT. LACK OF DISSEMINATION OBVIOUSLY PLACES THE US AT A
COMPETITIVE DISADVANTAGE REGARDING BILLIONS OF DOLLARS OF MAJOR
PROJECTS, AS EMBASSY DAMASCUS HAS POINTED OUT. NONDISSEMINATION
IS DISCRIMINATORY AGAINST SMALL US FIRMS, SINCE LARGE FIRMS
OFTENTIMES WILL BE ALREADY LOCATED IN THE COUNTRY OF THE
TENDER AND LEARN OF THE PROJECT WITHOUT USDOC HELP, WHILE SMALL
FIRMS WILL NOT. WE RECOMMEND THAT USDOC DISSEMINATE MAJOR
PROJECT OPPORTUNITIES REGARDLESS OF BOYCOTT LANGUAGE, SINCE US
FIRMS WILL NOT ACCEPT SUCH LANGUAGE ANYWAY. IF SUCH A DEPARTURE
IS NOT POLITICALLY POSSIBLE, WE RECOMMEND THAT EMBASSIES BE
GIVEN DISCRETION TO REPORT SUCH MAJOR PROJECTS AS TRADE
OPPORTUNITIES WHEN IT IS CLEAR THAT THE MINISTRY CONCERNED WILL
DROP THE BOYCOTT LANGUAGE IF NECESSARY. (OUR EXPERIENCE IN
KUWAIT, AS USDOC AND DEPT. ARE AWARE, INDICATES THAT THIS IS
OFTEN THE CASE.)

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FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 0806
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TEHRAN
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COMPETITORS FOR LUCRATIVE ARAB MARKETS ARE NOT ABOVE USING
AGAINST US. WE HAVE NO EASY ANSWER ON HOW WE ARE TO SOLVE
THIS PROBLEM, BUT BELIEVE WASHINGTON
SHOULD CONSIDER MAKING THE EAA REGULATIONS MORE FLEXIBLE IN
ORDER TO AVOID THE BOYCOTTING OF US FIRMS EXPORTING TENS
OR HUNDREDS OF MILLIONS OF DOLLARS OF EQUIPMENT TO THIS AREA.
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5. AGGRESSIVE PURSUIT OF MAJOR PROJECTS BY US FIRMS. AS
PAST KUWAIT CABLES (AND ONE ABOUT TO BE SENT) HAVE
DESCRIBED IN DEPRESSING DETAIL, FOR NINE MONTHS WE HAVE
TRIED TO INTEREST US FIRMS IN BIDDING ON A MAJOR, \$1.1
BILLION DOLLAR POWER PROJECT IN KUWAIT. TO DATE OUR EFFORTS
HAVE BEEN ABOUT AS SUCCESSFUL AS TRYING TO NAIL JELLY TO
THE WALL. WE HAVE HEARD VIRTUALLY NOTHING FROM WASHINGTON
ON WHY US FIRMS ARE NOT BIDDING OTHER THAN A BRIEF "OPPOR-
TUNITY SENT TO 25 FIRMS. NO INTEREST TO DATE." CONVERSA-
TIONS WE HAVE HAD WITH REPS OF US FIRMS LOOKING INTO PROJECT
HAVE BEEN DEPRESSING, WITH COMPANY OFFICIALS SPENDING THEIR
TIME DETAILING POSSIBLE COMPLICATIONS, RATHER THAN FOCUSING
ON WAYS TO SOLVE THEM. MAJOR PROJECTS ARE OUR BEST VEHICLE
FOR EXPORT PROMOTION IN THIS PART OF THE WORLD. IT IS TIME
WASHINGTON BEEFED UP MAJOR PROJECT PROMOTION THROUGH
THE FOLLOWING:

A. HIGH LEVEL DIALOGUE/COORDINATION ON MAJOR PROJECTS. CALLING UP FIRMS AT THE WORKING LEVEL AND WAITING FOR THEM TO RESPOND IS NOT ENOUGH. IF, FOR EXAMPLE, GEOR WESTINGHOUSE ARE NOT BIDDING, USDBC SHOULD FIND OUT THE REASONS. IF PART OF THE REASON IS LACK OF SUPPORTIVE USG PROGRAMS AND USG REGULATIONS WHICH DISCOURAGE BIDDING, WE SHOULD DO SOMETHING ABOUT IT. IF, AS WE SUSPECT, MAJOR US FIRMS ARE TOO ACCUSZOMED TO HAVING THE BUSINESS COME TO THEM AND ARE NOT SEARCHING OUT BUSINESS ACTIVELY ENOUGH, IT IS HIGH TIME SOME HIGH LEVEL USG OFFICIALS TOLD THEM SO. A BILLION DOLLAR DEAL IS WORTH AN UNDERSECRETARY'S PHONE CALL. WE ARE LEFT WITH THE IMPRESSION THAT MANY US FIRMS SIMPLY WANT TO SELL EQUIPMENT AND LACK THE IMAGINATION AND DRIVE TO PUT TOGETHER THE TURN-KEY PROJECTS WHICH COUNTRIES SUCH AS KUWAIT REQUIRE, AND WHICH FOREIGN UNCLASSIFIED

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COMPANIES, ESPECIALLY THE JAPANESE, ARE DEPT AT PACKAGING. IF CONSORTIUM BIDDING BY COMBINATIONS OF US FIRMS POSES ANTI-TRUST PROBLEMS, USODC AND OTHER APPROPRIATE USG AGENCIES SHOULD BE DISCUSSING THE PROBLEM AND SHARING THESE DISCUSSIONS WITH CONCERNED POSTS. AS THE MOMENT WE DO THE REPORTING AND GET LITTLE REAL FEED-BACK IN RETURN.

B. SURETY BONDS. WHY DO GOOD INTENTIONS IN ONE AREA HAVE TO PARALYZE US IN ANOTHER? KUWAIT, SAUDI ARABIA AND OTHER OIL-RICH COUNTRIES ENDERING MULTI-BILLION DOLLAR PROJECTS REQUIRE PERFORMANCE BONDS WHICH CAN TIE UP INORDINATE AMOUNTS OF CREDIT FOR US FIRMS, ACTING AS A POTENT DISINCENTIVE TO BID TO ALL BUT THE LARGEST FIRMS. IN LATE 1976 OPIC WAS IN THE MIDST OF NEGOTIATING AN INSURANCE PROGRAM WHICH WOULD HAVE MADE IT POSSIBLE FOR US FIRMS TO USE SURETY BONDS IN KUWAIT, ELIMINATING THE CREDIT TIE-UP PROBLEM. IN EARLY 1977 THIS POSSIBILITY DIED, AS OPIC ANNOUNCED NEW POLICIES FOCUSING ON POORER COUNTRIES. WE SUGGEST IT IS TIME TO ASK THE QUESTION WHETHER THE NEW ACTIVITIES OPIC IS ENGAGED IN NEED EXCLUDE SOME OF THE OLD. ANY OPIC INSURANCE PROGRAM IN KUWAIT WOULD NOT BE FOR THE BENEFIT OF THIS OIL RICH COUNTRY, BUT FOR US FIRMS TRYING TO COMPETE HERE. IF OPIC FOR WHATEVER REASON CANNOT ENGAGE IN SUCH PROGRAMS, WHY NOT HAVE EXIM OR SOME OTHER USG AGENCY PROVIDE THEM? THEY ARE NEEDED.

C. PROTECTION AGAINST FOREIGN EXCHANGE RISK. WE UNDERSTAND THE JAPANESE GOVERNMENT ROUTINELY PROVIDES FOREIGN EXCHANGE RISK INSURANCE TO JAPANESE FIRMS BIDDING ON MAJOR PROJECTS WHERE THEY MAY BE PAID 3, 4 OR MORE YEARS AFTER TENDERING. IN THE WORLD OF PURE ECONOMIC MODELS, SUCH PROGRAMS SHOULD NOT EXIST. THEY DO, HOWEVER, AND THEIR UNAVAILABILITY FOR US FIRMS HAS BEEN CITED TO US BY WEST-

INGHOUSE AS ONE OF THE REASONS WHY IT IS NOT BIDDING ON A
\$1.1 BILLION POWER PROJECT. IF FOREIGN EXCHANGE RISK REALLY
IS A DETERREN FORUS FIRMS IN BIDDING ON PROJECTS IN AREAS
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WHERE FORWARD EXCHANGE MARKETS ARE NOT WELL DEVELOPED,
IT IS TIME THE USG LOOKED INTO THE PROBLEM ANDCAME UP
WITH A PROGRAM.

6. EXPORTS FOLLOW THE SPECS. WHAT ARE WE DOING TO HELP
THE CONSULTANT AND ENGINEERING FIRMS? TRADE USED TO
FOLLOW THE FLAG. NOW IS FOLLOWS THE DESIGN CONSULTANT

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 0807

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

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USINT BAGHDAD

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AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TEHRAN

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DEPT OF TREASURY WASHDC
USDOC WASHDC

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WHO RECOMMENDS THE REQUIREMENTS FOR LARGE PROJECTS. WE'VE
HEARD A LOT ABOUT USDOC PROGRAMS TO PUSH EXPORTS. WE DO
NOT KNOW OF ANY CREATED SPECIFICALLY TO HELP DESIGN
CONSULTING FIRMS. THEY SHOULD BE AN ACTIVE, WELL-FUNDED TRADE
OPPORTUNITY REFERRAL SYSTEM AND A PROGRAM OF SPECIALIZED
MARKETING SUPPORT TAILORED TO THE NEEDS OF SERVICE FIRMS.
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7. EXPORTS. LET'S FOCUS ON THE CUSTOMER AND NOT THE
PRODUCER. AS WE UNDERSTAND IT, USDOC'S MAJOR PROGRAM FOR
USING TRADESOPPORTUNITY PROGRAM (TOP), RELIES PRIMARILY ON
LISTS OF SUBSCRIBERS IN THE US WHO ARE INTERESTED IN SELLING
CERTAIN PRODUCTS. WE CANNOT CONTINUE TO CHANNEL MULTI-
MILLION TRADE OPPORTUNITIES TO A SMALL GROUP OF FIRMS
WHOSE PRODUCT INTERESTS MAY NOT REFLECT THOSE OF FOREIGN
BUYERS. INDEED, A RECENT COMMERCE REPORT ON THE EFFECTIVE-
NESS OF THE TOP SERVICE POINTED OUT THE DISSIMILARITIES
BETWEEN THE OVERALL POPULATION OF US MANUFACTURERS AND
SUPPLIERS AND THE TOP SUBSCRIBER POPULATION. USDOC HAS VAST
STORES OF COMPUTERIZED INFORMATION BY SIC CODES ON PRODUCTS
PRODUCED BY VARIOUS US MANUFACTURERS, MANY OF WHOM
EXPORT. TRADE OPPORTUNITIES REPORTED BY THE FOREIGN
SERVICE SHOULD BE PROVIDED TO THESE MANUFACTURERS, NOT
JUST A LIMITED GROUP OF TOP SUBSCRIBERS.

8. PROMOTION OF FOOD EXPORTS. WE HAVE HEARD A LOT RECENTLY
ABOUT HOW WE NEED TO EXPORT MORE FOOD AND HOW THE ARABIAN
PENINSULA IS A GROWING AND IMPORTANT MARKET. WE'VE HEARD
LITTLE FROM THE DEPARTMENT OF AGRICULTURE IN RESPONSE TO
THE MANY AGRICULTURAL FOOD TRADE OPPORTUNITIES WE HAVE SENT
IN. IT MAY BE THAT US FIRMS CANNOT BE COMPETITIVE WITH
THE PRICES QUOTED HERE. BUT, IF THAT IS THE CASE, THE
LEAST WE SHOULD EXPECT IS SOME RESPONSE ON THIS MATTER.
WE DON'T NEED AN AGRICULTURAL ATTACHE IN KUWAIT. WE DO
NEED MORE OF A FOLLOW UP BY WASHINGTON ON FOOD TRADE
OPPORTUNITIES REPORTED FROM KUWAIT AND THE REGION. AN
EFFORT SHOULD BE MADE TO PERSUADE OUR FOOD PROCESSORS TO
MEET THE REQUIREMENTS OF OVERSEAS IMPORTERS, I.E. LESS
FANCY PACKAGING AND GRADES OTHER THAN FANCY FOR EXPORT.
THE USDA POSITION OF REGIONAL AGRICULTURAL MARKETING
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SPECIALIST FOR THE MIDDLE EAST, BASED IN WASHINGTON, APPARENTLY VACANT FOR THE PAST TWO YEARS, SHOULD BE FILLED. HE AND A SUPPORTING STAFF SHOULD BE ABLE TO FOLLOW UP ON BOTH ENDS OF THE PIPELINE, THE US AS WELL AS OVERSEAS. EQUALLY IMPORTANT, THERE SHOULD BE MORE COORDINATION BETWEEN USDOC AND USDASO AS TO BETTER BE ABLE TO FOLLOW UP ON FOOD TRADE OPPORTUNITIES WITH AMERICAN BUSINESS. TO CITE A SMALL EXAMPLE, THERE SHOULD HAVE BEEN A USDA REP PRESENT AT THE RECENT MIDDLE EAST ECONOMIC/COMMERCIAL OFFICERS CONFERENCE IN TANGIER.

9. REVIEW USDOC PRIORITIES. THERE SHOULD BE MORE FOCUS ON THE MIDDLE EAST, NO LESS. USDOC'S COMMERCE ACTION GROUP FOR THE NEAR EAST (CANE) WAS SET UP IN 1974 AS AN IMAGINATIVE, INNOVATIVE WAY TO RESPOND TO THE BURGEONING MIDDLE EAST MARKET FOLLOWING THE OPEC OIL PRICE RISE. IT HAS A PROVEN TRACK RECORD AND IS NEEDED NOW MORE THAN EVER AS FOREIGN COMPETITION HEIGHTENS IN THE AREA. YET, WE UNDERSTAND THAT, BECAUSE OF BUDGET CUTS, USDOC IS DISMAYING IT (WITH SUITABLE ASSURANCES THAT WE WILL STILL RECEIVE THE SAME SERVICE AFTER THE NEW REORGANIZATION). THE MIDDLE EAST IS A SPECIALIZED MARKET; IT NEEDS PEOPLE WHO KNOW THE AREA TO HANDLE IT. ONLY WITH A SPECIALIZED SUPPORT STAFF WITH COUNTRY KNOWLEDGE CAN THE TRADE OPPORTUNITIES REPORTED BY THE FOREIGN SERVICE BE EFFECTIVELY TRANSMITTED TO THE US BUSINESS COMMUNITY AND THE TRADE PROMOTION PROGRAMS BE APPROPRIATELY TAILORED AND TARGETED TO SPECIFIC FOREIGN MARKETS. WE SINCERELY URGE A REASSESSMENT OF THE ONGOING REORGANIZATION OF COMMERCE. IF RESTORATION OF SOME OF THE TRADE PROMOTION BUDGET CUTS COMMERCE HAS HAD TO ENDURE IN THE PAST FEW YEARS IS NECESSARY TO ENSURE THIS, THEY SHOULD BE RESTORED.

10. SIMILARLY, THE FOREIGN SERVICE WITH LESS STAFF IS SERVING IN MORE FOREIGNPOSTS WITH GREATER DUTIES AND RESPONSIBILITIES THAN AT ANY TIME IN ITS HISTORY. A MORE UNCLASSIFIED

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EFFECTIVE PROGRAM FOR EXPORTS WOULD DEMAND INCREASED STAFFING OF FOREIGN SERVICE E/C POSITIONS THROUGHOUT THE ARAB WORLD, WHERE WE HAVE UNDERSTAFFED HARDSHIP POSTS IN MARKETS WITH THE GREATEST TRADE OPPORTUNITY POTENTIAL FOR AMERICAN FIRMS. THE NEGATIVE IMPACT AND IMPLICATIONS OF UNDERSTAFFING OUR COMMERCIAL REPORTING NETWORK OF FOREIGN SERVICE POSTS ARE LOSS OF OPPORTUNITIES INVOLVING BILLIONS OF DOLLARS TO US FIRMS.
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Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
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Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780410/aaaaaifc.tel
Line Count: 547
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7e46b2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 95673, 78 KHARTOUM 1748, 78 DAMASCUS 1718, 78 KUWAIT 498, 77 KUWAIT 6095, 77 KUWAIT 3631
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2816268
Secure: OPEN
Status: NATIVE
Subject: RECOMMENDATIONS ON A NATIONAL EXPORT POLICY
TAGS: ETRD, BEXP, KU
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7e46b2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014